

ABSTRACT

A comprehensive financial planning method and system by managing investment portfolios by means of a mathematical model and via electronic on- or off-line trading available to the general public via the Intra- and Internet technology. With this method a conventional mean-variance efficient portfolio frontier analysis, which is often cited in Modern Portfolio Theory (MPT), one of the major scholarly developments in modern finance, finds its way into actual securities trading and rebalancing in real world. MPT is modified to allow various transactions costs, e.g. bid/ask spread, brokerage commissions, taxes, and others; as well as non-stationary securities return distributions to form efficient portfolios in real time by way of various portfolio rebalancing strategies. The system offers an automatic, mathematical solution for asset allocation and cash management in real time, while managing and trading on portfolios of each asset class, e.g. commercial papers, repurchase agreements, money market funds, bonds, stocks, mutual funds, and other derivatives on an auto mode.